

EXHIBIT 1



U.S. DEPARTMENT OF STATE

Directorate of Defense Trade Controls

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DDTC Compliance Actions

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Violations

ITAR violations may result in civil and/or criminal penalties, which can include both fines and debarment (legal exclusion from transactions subject to the ITAR). The Directorate of Defense Trade Controls is responsible for civil enforcement of the regulations, while the Department of Justice handles criminal matters.

ITAR violations can have other consequences as well, including the denial/revocation of licenses and other export authorizations, compliance oversight, and the loss of business opportunities.

Alleged civil violations of the ITAR are often resolved through a consent agreement between the alleged violator and the Department. Consent agreements often include a monitoring component, remedial steps, and a monetary penalty, and can run for several years.

Penalties

Civil

Pursuant ITAR §128

- \$1 million+ per violation
- Debarment
- Generally settled through a negotiated Consent Agreement

Criminal

Pursuant to AECA 22 U.S.C. 2778(c)

- \$1 million, or up to 20 years' imprisonment
- Debarment

What is a Consent Agreement

- Agreement that includes a monetary penalty and/or enforceable conditions, such as:
 - Review, audit, and reporting requirements
 - Compliance program improvements
 - Debarment if applicable
 - Appointment of a Special Compliance Official
 - Monitoring by DTCC
- Typically runs 3-4 years

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